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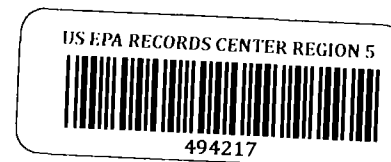
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April 14, 1986



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Ms. Wanda Neal
Department of Natural Resources
Stevens T. Mason Building
Box 30028
Lansing, MI 48909

In re: Michigan Consolidated Gas Company
Coal Gasification Sites

Dear Ms. Neal:

This letter will confirm the various matters which we discussed and agreed upon at the meeting held on April 10, 1986, in Lansing.

At the outset of the meeting, I requested that you outline for everyone's benefit the procedures which will be followed in finalizing the Riverside Park Agreement and the procedures to be followed in dealing with the other thirteen Michigan Consolidated coal gasification sites. You indicated that with respect to the Riverside Park site, Dave Dennis will be the overall coordinator for this site, and that the technical plans and specifications for the remediation will be reviewed and approved by Mr. Dennis, Laura Nuhn, Ginny Loselle and Dan O'Neil. Mr. Dennis indicated that once he and the three technical people identified above indicate their agreement to the remediation plan, no further technical review of the plan will be conducted, and Michigan Consolidated can treat such statement as a final agreement regarding the technical plans and specifications. Mr. Dennis stated that their

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review of the plans will be completed within two weeks.

You further indicated that John Schauver, from Environmental Enforcement Division will be responsible for negotiating the Consent Agreement or other type of Order which will be executed by the DNR and Michigan Consolidated in connection with the Riverside Park site as well as the other thirteen sites. Mr. Schauver indicated that once a form of agreement is mutually agreed upon for Riverside Park, the same type of form can likely be used for the other thirteen sites. The Riverside Park Agreement will require approval from the Attorney General's office.

With respect to the procedure to be used at the other Michigan Consolidated sites, you indicated that Tom Work will be chiefly responsible for those sites located in the Grand Rapids and Cadillac Districts and Dave Dennis will be responsible for the remaining sites in the Jackson and Detroit Districts. You stated that Mr. Work will be working with Everett Bole and Ann Pryzbala on those sites in the Grand Rapids and Cadillac Districts, and that these people will evaluate and give final approval to all technical remediation plans and specifications for sites in those Districts. Once again, there will be no additional review of the technical plans and specifications for these sites other than that outlined above. Dave Dennis, Charles San Juan and Laura Nuhn will do the same for those sites located in the Jackson and Detroit Districts. As with the Riverside Park site, John Schauver will be responsible for negotiating the terms of a Consent Agreement or similar Order for each of these sites.

We next reviewed the statements made in the March 28, 1986 letter from the DNR to Mr. Kurmas regarding the coal gasification sites. At the outset, I expressed some concern and confusion regarding the statements in the letter that the reports "are not technically acceptable", that they are "deficient in the methodology used" and that "the conclusions reached in the report are not supported by data." After some discussion, it appeared that these were based on the mistaken assumption that the initial investigations done by Michigan Consolidated at each of the sites were intended to be the only investigations of these sites. As explained at the meeting, this was never Michigan Consolidated's intent. Rather, these investigations were performed to determine whether there was any immediate danger to human life or welfare which would necessitate emergency action on the part of Michigan Consolidated.

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Given the contacts by Michigan Consolidated with the DNR District offices prior to the commencement of these investigations, it was the Company's belief that the DNR was well aware of this purpose and intent.

We then discussed the subject of using the Riverside Park and Greenville sites as "pilot" sites for purposes of testing and investigation. Here again, the concern expressed by several DNR officials at the meeting appeared to be based on the incorrect assumption that Michigan Consolidated intended to study only those sites, to the exclusion of all others. It was our belief that the information learned from a thorough investigation of these two sites would be useful in connection with investigation of the other sites and would avoid some needless duplication of effort at the other sites. However, it was never the Company's intention to limit site investigations to these two sites alone. Obviously, some additional testing will be required at other sites. You indicated that the DNR will probably seek to prioritize the Michigan Consolidated sites so that further investigation and remedial action will begin first at the higher priority sites, and we agreed that such approach is acceptable.

Based upon the discussions at the meeting, it appeared that many of the Department's concerns and statements were based largely on either a misperception of Michigan Consolidated's intent to responsibly address these problems, or a lack of communication within the DNR, particularly between the different Divisions and District offices. I can appreciate the Department's cautious approach to companies who appear to be preparing to avoid their responsibility for environmental cleanups; however, Michigan Consolidated has surely demonstrated a good faith effort and cooperative attitude in dealing with the DNR on these coal gasification sites. Hopefully, the more clearly defined process to be used with the coal gasification sites in the future will eliminate much of the misunderstanding and will improve communications within the DNR and between the DNR and Michigan Consolidated.

Overall, I believe the meeting was very productive in explaining how we got to the point we are now, and how to move forward from here. Please let me know immediately if you feel I have inaccurately summarized the meeting, particularly the procedures outlined at the beginning of this letter and the various people who will be involved. We look forward to working with you

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in continuing the cooperation between Michigan Consolidated and the DNR on these coal gasification sites.

Very truly yours,

A handwritten signature in cursive script, reading "Doug A. Donnell".

Douglas A. Donnell

DAD:sks

cc: Mr. Tom Work
Mr. Dave Dennis
Ms. Laura Nuhn
Mr. Roger Pryzbyz
Ms. Ann Pryzbala
Ms. Bonnie White
Mr. Dan O'Neil
Mr. John Schauver
Ms. Ginny Loselle
Mr. Everett Bole
Mr. Charles San Juan
Mr. Stan Surowiec
Mr. Steve Kurmas
Mr. Jeff McKeen
Mr. Doug Wallace
Mr. Bob Masselink
Mr. Richard Johns
Mr. Donald Inman